

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

NOTICE OF PENALTIES INCURRED AND DUE FOR VIOLATIONS OF LAWS AND RULES

PENALTY ASSESSMENT: UT-160557
PENALTY AMOUNT: \$1000

SERVICE DATE

Granite Telecommunications, LLC
100 Newport Avenue ext.
Quincy, MA 2171

JUN 14 2016

According to Washington Utilities and Transportation Commission (Commission) records, you have violated Washington Administrative Code (WAC) 480-120-382, which requires telecommunications companies to file their annual report and pay regulatory fees each year by May 1. May 1 was a Sunday, therefore you were required to file your annual report or pay regulatory fees by May 2, 2016. You did not file an annual report by May 2, 2016.

Revised Code of Washington (RCW) 80.04.405 authorizes the Commission to assess a penalty of \$100 for each violation of a Commission rule. In the case of a continuing violation, every day's continuance is a separate and distinct violation. The Commission interprets noncompliance with WAC 480-120-382 beyond May 2 as a continuing violation, and assesses penalties of \$100 for each day a company fails to file its report or pay its regulatory fees after that date.

As a result, the Commission has assessed penalties against you in the amount of \$1000 on the following basis:

On February 29, 2016, the Commission mailed the 2015 annual report forms and the 2016 regulatory fee packets to all telecommunications companies registered in Washington. The instructions page for the annual report form instructed these companies to file annual reports and pay regulatory fees by May 2, 2016. The instructions page also stated that failure to file the annual report by May 2 would result in penalties. The deadline for requesting an extension to file your annual report was April 15. You did not request an extension.

As of May 16, 2016, Granite Telecommunications, LLC had not filed its 2015 annual report or paid its 2016 regulatory fee. May 16 is ten business days from May 2, resulting in a total penalty of \$1,000.¹

Your penalty is due and payable now. If you believe the violation did not occur, you may request a hearing to contest the penalty assessment. The Commission will grant that request only if material issues of law or fact require consideration of evidence and resolution in a hearing. A request for a hearing must include a written statement of the

¹ On Wednesday, May 18, 2016, Granite Telecommunications, LLC filed its 2015 annual report and paid its 2016 regulatory fee.

reasons supporting that request. Failure to provide such a statement will result in denial of the request.

If there is a reason for the violation that you think should excuse or reduce the penalty, you may ask for mitigation (reduction) of this penalty through evidence presented at a hearing or in writing. The Commission will grant a request for a hearing only if material issues of law or fact require consideration of evidence and resolution in a hearing. Any request for mitigation must include a written statement of the reasons supporting that request. Failure to provide such a statement will result in denial of the request. See RCW 80.04.405.

If you properly present your request for a hearing and the Commission grants that request, the Commission will review the evidence supporting your dispute of the violation or application for mitigation in a Brief Adjudicative Proceeding, before an administrative law judge. The administrative law judge will consider the evidence and will notify you of his or her decision.

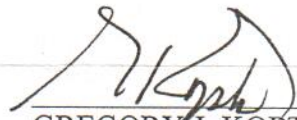
You must act within 15 days after receiving this notice to do one of the following:

- Pay the amount due.
- Request a hearing to contest the occurrence of the violations.
- Request mitigation to contest the amount of the penalty.

Please indicate your selection on the enclosed form and send it to the Washington Utilities and Transportation Commission, Post Office Box 47250, Olympia, Washington 98504-7250, **within FIFTEEN (15) days** after you receive this notice.

If you do not act within 15 days, the Commission may refer this matter to the Office of the Attorney General for collection, which may file suit in state court to collect the penalty. The Commission may also initiate proceedings under WAC 480-121-060 to revoke your authority to provide telecommunications services in Washington.

DATED at Olympia, Washington, and effective June 13, 2016.



GREGORY J. KOPTA
Administrative Law Judge

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

PENALTY ASSESSMENT UT-160557

PLEASE NOTE: You must complete and sign this document, and send it to the Commission within 15 days after you receive the penalty assessment. Use additional paper if needed.

I have read and understand RCW 9A.72.020 (printed below), which states that making false statements under oath is a class B felony. I am over the age of 18, am competent to testify to the matters set forth below and I have personal knowledge of those matters. I hereby make, under oath, the following statements.

[] 1. Payment of penalty. I admit that the violations occurred. I have:

[] Enclosed \$_____ in payment of the penalty

[] Submitted my payment of \$_____ online at www.utc.wa.gov. My confirmation number is _____.

[] 2. Request for a hearing. I believe that one or more of the alleged violations did not occur, for the reasons I describe below, and I request a hearing based on those reasons for a decision by an administrative law judge:

[x] 3. Application for mitigation. I admit the violations, but I believe that the penalty should be reduced for the reasons set out below:

[] a) I ask for a hearing to present evidence on the information I provide above to an administrative law judge for a decision


OR

[x] b) I ask for a Commission decision based solely on the information I provide above.

I declare under penalty of perjury under the laws of the State of Washington that the foregoing, including information I have presented on any attachments, is true and correct.

Dated: 6/30/16 [month/day/year], at Quincy, MA [city, state]

Granite Telecommunications, LLC
Name of Respondent (company) – please print


Signature of Applicant

RCW 9A.72.020:

“Perjury in the first degree. (1) A person is guilty of perjury in the first degree if in any official proceeding he makes a materially false statement which he knows to be false under an oath required or authorized by law. (2) Knowledge of the materiality of the statement is not an element of this crime, and the actor’s mistaken belief that his statement was not material is not a defense to a prosecution under this section. (3) Perjury in the first degree is a class B felony.”

STATEMENT OF GRANITE TELECOMMUNICATIONS, LLC

RE PENALTY ASSESSMENT UT-160557

Granite Telecommunications, LLC (“Granite”) respectfully submits this statement requesting reduction of the entirety of the penalty imposed on Granite in UT-160557. According to Granite’s records, Granite timely filed its 2015 Annual Report (including an *unredacted* version of its Balance Sheet and Income Statement) and timely filed the applicable regulatory fees, but Granite did not provide a *redacted* version of its Balance Sheet and Income Statement until after May 1, 2016. However, by providing a complete and unredacted filing prior to May 1, 2016, Granite did comply with the requirements of Washington Administrative Code (WAC) 480-120-382, and a reduction in whole of the penalty is justified.

In support of its request, Granite attaches the following documents:

- 1) Exhibit A: WA UTC confirmation of filing of Granite’s Amended 2015 Annual Report dated 4/28/16;
- 2) Exhibit B: WA UTC confirmation of payment of \$2,763.00 dated 4/28/16;
- 3) Exhibit C: WA UTC confirmation of payment of \$18,743.00 dated 4/28/16; and
- 4) Exhibit D: email from Granite Telecommunications to WA UTC attaching redacted Balance Sheet and Income Statement dated 5/18/16.

As demonstrated in the above exhibits, Granite did provide a complete and unredacted version of its Annual Report and timely filed the required regulatory fees prior to the May 1, 2016 deadline for submission, therefore Granite respectfully requests that the penalty assessed on Granite be reduced in full. Please do not hesitate to contact me if you have any questions regarding this statement.

Respectfully Submitted,

/s/ Paula Foley

Paula Foley
Legal & Regulatory Counsel
Granite Telecommunications, LLC
100 Newport Ave. Ext.
Quincy, MA 02171
Tel: 617-837-4604
Paula.foley@granitenet.com

Atts.

EXHIBIT A

From: [Records Service Center](#)
To: [TaxDept](#)
Subject: UTC E-Filing submission received, confirmation ID 3958
Date: Thursday, April 28, 2016 9:38:53 AM

Your e-file submission has been received by the Washington Utilities and Transportation Commission. Please save this e-mail, and use the confirmation ID when contacting the Commission.

* Please do not reply to this message. This is an automated message, and the originating account cannot receive e-mails.

E-File submission details:

E-File ID: 3958

Docket No:

Company: Granite Telecommunications, LLC

Filing description: Amended 2015 CLEC Annual Report

Documents filed:

Filename: WA CLEC Annual Report Form 2015 (Amended).pdf

Description:

Confidentiality: Highly confidential

EXHIBIT B

From: [WA UTC Payments](#)
To: [TaxDept](#)
Subject: UTC Payment Confirmation
Date: Thursday, April 28, 2016 10:01:03 AM
Attachments: [ATT00001.bin](#)



Thank You for Submitting Your Payment

Your payment of \$2,763.00 has been processed on 4-28-2016 7:00 AM.
(Please allow up to three business days for this charge to post to your account.)

Confirmation Number: 2690

Company: Granite Telecommunications, LLC

Any questions can be directed to Accounts Receivable, 360-664-1349.

EXHIBIT C

From: [WA UTC Payments](#)
To: [TaxDept](#)
Subject: UTC Payment Confirmation
Date: Thursday, April 28, 2016 9:58:35 AM
Attachments: [ATT00002.bin](#)



Thank You for Submitting Your Payment

Your payment of \$18,743.00 has been processed on 4-28-2016 6:58 AM.
(Please allow up to three business days for this charge to post to your account.)

Confirmation Number: 2689

Company: Granite Telecommunications, LLC

Any questions can be directed to Accounts Receivable, 360-664-1349.

EXHIBIT D

From: [Brian Jackson](#)
To: [Clark, Amy \(UTC\)](#); [Bennett, Sean \(UTC\)](#)
Cc: [TaxDept](#)
Subject: RE: Granite Telecommunications, LLC
Date: Wednesday, May 18, 2016 3:58:17 PM
Attachments: [Redacted Granite Telecommunications Financial Statements.pdf](#)

Hi Amy,

My apologies Amy. Please see Granite Telecommunications, LLC redacted financial statements attached.

Thank you,
Brian Jackson

| Brian T. Jackson | Tax Accountant | Granite Telecommunications, LLC | 100 Newport Avenue Extension
| Quincy, MA 02171 | 617.837.5351 |

From: Clark, Amy (UTC) [mailto:aclark@utc.wa.gov]
Sent: Wednesday, May 18, 2016 3:28 PM
To: Brian Jackson <BJackson@granitenet.com>; Bennett, Sean (UTC) <sbennett@utc.wa.gov>
Cc: TaxDept <TaxDept@granitenet.com>
Subject: RE: Granite Telecommunications, LLC

We still do not have a copy of your redacted version of the balance sheet and income statement to file confidential for public view. Were you wanting to file non-confidential?

Amy Clark
(360) 664-1152
aclark@utc.wa.gov

From: Clark, Amy (UTC)
Sent: Thursday, April 28, 2016 8:49 AM
To: 'Brian Jackson'; Bennett, Sean (UTC)
Cc: TaxDept
Subject: RE: Granite Telecommunications, LLC

Thank you for submitting the corrected annual report. The report itself looks good, however we do still need a copy of the redacted income statement and balance sheet if you would like to file those as confidential. Those can just be emailed back to me.

I tried to call you a little bit ago, but had a problem with my phone so I apologize if you received a strange call.

Have a good day,

Amy Clark

(360) 664-1152

aclark@utc.wa.gov

From: Brian Jackson [<mailto:BJackson@granitenet.com>]

Sent: Thursday, April 28, 2016 7:20 AM

To: Bennett, Sean (UTC)

Cc: Clark, Amy (UTC); TaxDept

Subject: RE: Granite Telecommunications, LLC

Hello Mr. Bennet,

Thank you for the email.

Please find attached the amended 2015 Annual Report and requested balance sheet and income statement for Granite Telecommunications, LLC.

Let me know if you have any questions or concerns.

Thank you,

From: Bennett, Sean (UTC) [<mailto:sbennett@utc.wa.gov>]

Sent: Friday, April 08, 2016 5:35 PM

To: TaxDept <TaxDept@granitenet.com>

Cc: Clark, Amy (UTC) <aclark@utc.wa.gov>

Subject: Granite Telecommunications, LLC

Dear Regulated Company,

On February 29, 2016 the Utilities and Transportation Commission (commission) mailed you an Annual Report. The report and fees are due by May 1, 2016.

A review of your annual report received on April 7th, 2016 indicates it is incomplete as there is missing data and a discrepancy.

�. Competitively Classified Telecommunication companies are required to provide a 2015 Balance Sheet and Income Statement. These items were not provided.

�. Page 4 and Part D lists WA Intrastate Revenue of \$10,777,823. This figure is total WA state regulated revenue and is what the Regulatory Fees are calculated on. Page 5, line 1 lists Total Gross Intrastate Operative Revenue. This line should match WA Intrastate revenue on page 4. Please update the report and forward to myself and my

colleague.

The updated Annual Report, Balance Sheet, Income Statement and any outstanding fees listed above must be received by May 1, 2016. The corrected schedule(s) and payments may be submitted via the following:

�. Email: please reply with the above requested information or e-mail scanned, corrected Schedule(s) to the address above

�. Mail: Utilities and Transportation Commission, PO Box 47250, Olympia, WA 98504

�. Filed online: [Electronic Filing](#)

�. Outstanding Regulatory Fee payments may be mailed to the UTC address above or paid on-line by credit card or ACH at [Online Payments](#)

Commission staff may recommend enforcement action, which includes penalties of up to \$100 per day, against any company that does not file a completed annual report. In order to avoid enforcement action, the commission must receive your completed report no later than May 1, 2016.

If you have any questions about your annual report please call me at (360) 664-1157 or send us an email.

Thank you,
Sean

Sean Bennett
Regulatory Analyst
Utilities & Transportation Commission
PO Box 47250
Olympia, WA 98504
360-664-1157
sbennett@utc.wa.gov